

Estimate change



TP change



Rating change



Bloomberg	LPC IN
Equity Shares (m)	457
M.Cap.(INRb)/(USDb)	845.8 / 9.6
52-Week Range (INR)	2403 / 1774
1, 6, 12 Rel. Per (%)	-3/-19/-6
12M Avg Val (INR M)	2335

Financials & Valuations (INR b)

Y/E MARCH	FY25	FY26E	FY27E
Sales	225.0	252.3	279.4
EBITDA	52.7	66.1	68.5
Adj. PAT	32.7	42.8	43.8
EBIT Margin (%)	18.2	21.2	19.9
Cons. Adj. EPS (INR)	71.6	94.1	96.3
EPS Gr. (%)	72.4	31.2	2.3
BV/Sh. (INR)	376.8	487.9	581.2

Ratios

Net D:E	0.1	-0.1	-0.2
RoE (%)	20.8	21.7	18.0
RoCE (%)	17.7	18.4	16.0
Payout (%)	4.1	3.1	3.0

Valuations

P/E (x)	25.8	19.7	19.2
EV/EBITDA (x)	16.4	12.3	11.3
Div. Yield (%)	0.1	0.1	0.1
FCF Yield (%)	0.2	5.6	5.1
EV/Sales (x)	3.8	3.2	2.8

Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	46.9	46.9	47.0
DII	25.6	25.4	26.8
FII	21.3	21.5	19.3
Others	6.3	6.2	6.9

FII Includes depository receipts

CMP: INR1,852
TP: INR2,000 (+8%)
Neutral

Superior US execution drives earnings surprise

Pipeline in inhalation/injectables/specialty products to support growth

- Lupin (LPC) exhibited better-than-expected performance with a beat of 4%/10%/23% on revenue/EBITDA/PAT in 1QFY26. This was driven by a higher-than-expected US revenue, better product mix, and lower R&D spend for the quarter.
- US sales have been on a strong uptrend for the past 14 quarters, driven by improved traction in niche products, including recent additions such as g-Jynarque (Tolvaptan) and g-Xarelto (Rivaroxaban). LPC has a strong pipeline of products in the inhalation/injectable space to sustain this growth momentum going forward. It is also working on specialty products (Namuscla, Xopenox) for the US market.
- The domestic formulation (DF) segment had a breather in YoY growth this quarter, primarily due to increased competition in one of the in-licensed products. Given its strong anti-diabetes franchise, LPC is gearing up for the launch of semaglutide as part of the first wave of market formation in India.
- LPC is also scaling additional growth drivers in India, including consumer health, diagnostics, and digital offerings for cardiac patients.
- We raise our earnings estimate by 5.5%/2% for FY26/FY27, factoring in: a) superior execution in limited competition products in the US market, b) loss of exclusivity in one of the in-licensed products in the DF market, and c) lower opex. We value LPC at 22x 12M forward earnings to arrive at a TP of INR2,000.
- LPC has achieved 3x/8x EBITDA/PAT over FY23-25. Considering the product pipeline for the US market and chronic focused approach in the Indian market, we estimate a 14%/16% EBITDA/PAT CAGR over FY25-27. Moreover, the valuation leaves limited scope for appreciation from current levels. Reiterate Neutral.

Robust US sales and 290bp margin expansion drive 27% YoY growth in PAT

- LPC's 1QFY26 revenue grew 11.9% YoY to INR62.7b. (our est. INR60.5b).
- US sales grew 24.3% YoY to INR24b (up 22% YoY in CC to USD282m; 39% of sales). DF sales grew 7.8% YoY to INR20.9b (34% of sales). Other developed market sales grew 17.4% YoY to INR7.7b (13% of sales). Emerging market sales grew 5.2% YoY to INR 6.5b (10% of sales).
- API sales decreased 32.9% YoY to INR2.4b (4% of sales).
- Gross Margin (GM) expanded 290bp YoY to 71.7% due to a better product mix and reduction in raw material costs.
- EBITDA margin expanded 190bp YoY to 26.2% (our est: 24.6%, largely due to a better GM. The benefit was partly offset by higher R&D spend (+150bp YoY as % of sales).
- As a result, EBITDA grew 21% YoY to INR16.4b (vs our est: INR15b).
- Adj. PAT grew 27% YoY INR11.5b (our est: INR9.3b), further supported by a lower tax rate.

Highlights from the management commentary

- LPC guided for strong double-digit YoY revenue growth, with EBITDA margin expected at 24%-25% in FY26.
- The goal dates for Risperdal Consta/Ranibizumab are Sep'25/Jun'26.
- LPC has gained considerable market share for g-Spiriva in the commercial channel and is actively working on the Medicare/Medicaid channels to further drive business from this product.
- LPC expects to launch g-Dalbavancin this year.
- Patient recruitment for Namuscla in the US market is underway, with commercialization targeted by FY29.
- Regarding Spiriva, a couple of companies have filed ANDAs for the US market.
- LPC plans to launch g-Victoza (liraglutide) in Oct'25. Pending approval of g-Victoza, the scope of USFDA approval for g-Saxenda has increased, with a goal date set for FY27.

Quarterly Performance (Consolidated)

(INR m)

Y/E March	FY25				FY26E				FY25	FY26E	FY26E	% Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			1QE	
Net Sales	56,003	55,427	56,927	56,671	62,684	64,166	63,190	62,236	2,25,028	2,52,275	60,525	3.6
YoY Change (%)	21.5	10.0	9.5	14.2	11.9	15.8	11.0	9.8	13.6	12.1	8.1	
Total Expenditure	42,389	43,059	43,162	43,750	46,269	47,803	46,508	45,557	1,72,361	1,86,137	45,636	
EBITDA	13,614	12,368	13,765	12,921	16,415	16,362	16,682	16,679	52,668	66,139	14,889	10.2
YoY Change (%)	109.0	34.0	34.7	29.6	20.6	32.3	21.2	29.1	46.6	25.6	9.4	
Margins (%)	24.3	22.3	24.2	22.8	26.2	25.5	26.4	26.8	23.4	26.2	24.6	
Depreciation	2,477	2,569	2,715	3,932	2,990	3,259	3,209	3,161	11,693	12,618	3,074	
EBIT	11,137	9,799	11,050	8,989	13,425	13,104	13,473	13,519	40,975	53,521	11,815	13.6
YoY Change (%)	167.3	45.1	44.5	21.3	20.5	33.7	21.9	50.4	57.7	30.6	6.1	
Margins (%)	19.9	17.7	19.4	15.9	21.4	20.4	21.3	21.7	18.2	21.2	19.5	
Interest	680	709	669	891	918	880	820	749	2,949	3,367	900	
Other Income	678	423	537	570	790	590	620	450	2,207	2,450	580	
EO Exp/(Inc)	1,204	-1,036	956	-291	-859	0	0	0	834	-859	0	
PBT	9,930	10,549	9,963	8,958	14,156	12,814	13,273	13,219	39,401	53,464	11,495	23.1
Tax	1,875	1,954	2,124	1,135	1,941	2,447	2,588	2,604	7,087	9,581	2,127	
Rate (%)	18.9	18.5	21.3	12.7	13.7	19.1	19.5	19.7	18.0	17.9	18.5	
Minority Interest	-42	-69	-37	-99	-24	-75	-70	-72	-246	-241	-85	
Reported PAT	8,013	8,526	7,802	7,726	12,191	10,291	10,615	10,544	32,067	43,640	9,284	31.3
Adj PAT	8,990	7,682	8,554	7,472	11,450	10,291	10,615	10,544	32,698	42,899	9,284	23.3
YoY Change (%)	214.9	55.5	42.6	47.0	27.4	34.0	24.1	41.1	73.2	31.2	3.3	
Margins (%)	16.1	13.9	15.0	13.2	18.3	16.0	16.8	16.9	14.5	17.0	15.3	
EPS	20	17	19	16	25	23	23	23	72	94	20	23.3

E: MOFSL estimates